

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
December 5, 2017
Suite 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a continued regular meeting commencing at 6:35 p.m. on December 5, 2017, pursuant to due and lawful notice. Commissioners Johnson, Pangelinan, Montinola, and Niven were in attendance. The following matters were considered at the meeting under the agenda made *Attachment "A"* hereto.

The Chairman announced that this PUC meeting was a continued meeting from November 30, 2017. There was only one item on the agenda: GPA's petition for Refunding of the 2010 Series A Revenue Bonds.

ALJ Alcantara did the presentation, as the ALJ who prepared the report was not present. The matter before the PUC was the Second Amended Petition filed by GPA on December 1, 2017.

In its petition, GPA seeks PUC approval to refund its 2010 Series A Revenue Bonds. GPA seeks flexibility to refinance either a portion of such bonds or the entire 2010 Series A Revenue Bonds. The bond refinancing will lower debt service cost and provide a net present value savings to ratepayers. The possible refunding of all of the bonds, for about \$150M, would result, according to the underwriters, in a net present value savings of approximately \$6.7M with annual debt payment savings of approximately \$463,000. If only \$96M of the bonds is refinanced, the projected average annual cash flow savings would be \$301,000. The Amended Petition is supported by CCU Resolution No. 2017-44, wherein the CCU authorized the issuance of the subject refunding. It determined that it was necessary and desirable to refinance all or a portion of its remaining outstanding 2010 Revenue Bonds.

The CCU also approved the bond documents, including the 7th Supplemental Indenture, the Preliminary Official Statement, and the bond purchase documents. GPA was authorized to execute the same subject to the approval of the Legislature, GEDA, and the PUC. Today the Guam Legislature passed Public Law 34-69, which expressly approved GPA's issuance of revenue bonds for the purpose of refunding all or a portion of its currently outstanding 2010 Series Revenue Bonds. The Legislature noted that GPA expected refunding of the outstanding bonds to result in debt service savings and potential savings to the ratepayers.

The bonds are required to discharge all obligation of GPA to pay debt service on the prior bonds. The final maturity of the refunding bonds may not exceed the final maturity of the prior bonds. The present value of debt service on the refunding bond is required to be at least two percent less than the present value of debt service on the prior bonds. GPA must notify the Legislature within 60 days of refinancing of its intent and plan regarding the savings achieved from the refinancing.

The GEDA Board has approved the issuance of GPA's refunding bonds. The PUC consultants also found that the proposed refunding complies with existing regulations that grant GPA the ability to issue such bonds. Refinancing will reduce cost, and savings will result to the benefit of ratepayers. They further found that the current market conditions are favorable for refinancing. Consultant Daymark recommended that the PUC approve GPA's petition.

ALJ Horecky determined that the estimated cost and savings will vary depending upon whether GPA refunds all or a portion of the 2010 bonds. The refunding of all of the bonds would result in gross annual savings of \$463,000 from 2019 to 2040. The net present value of the savings is about \$6.74M in that instance. The cost of issuance would be about \$2.9M. If only \$96M of the bonds are refunded, the gross savings would be about \$6.9M and net present value savings \$4.3M, with annual gross savings of about \$301,000. The cost of issuance for that refunding would be estimated at \$1.9M. Both Daymark and the ALJ approved the bond documents. Barclays estimated in its November 8, 2017 analysis that the all-in true interest cost for the proposed refinancing of all of the 2010 bonds would be 4.14%. For partial refunding, the all-in true interest cost is estimated to be approximately the same at 4.13%. But, of course, the all-in true interest cost would not be known until the time at which the bonds issue.

The ALJ recommended that the PUC approve GPA's second amended petition for refunding of the 2010 Series A Bonds. He recommended that GPA should be given flexibility to refund all or a portion of those bonds. He also recommended that the Commission approve the issuance as well as the form of the bond documents and the terms and conditions contained therein.

GPA had proposed a threshold of annual savings in the amount of \$200,000. The ALJ rejected this amount and recommended that the PUC approve a minimum threshold of \$350,000.00 to issue the bond refunding. With a projected annual savings of over \$460,000 per year for refunding of all the bonds, GPA would have no difficulty in meeting a threshold of \$350,000 in annual savings. The ALJ recommended that the PUC adopt a gross annual savings requirement of \$300,000 for a partial refunding of the 2010 Series A Revenue Bonds. The ALJ noted that bond refinancing is not the most effective or efficient method of reducing costs. The time and expense for undertaking the bond refunding is likely far greater than for other cost saving measures. GPA's focus on expenditure of time and resources on bond finance and incurring of debt may well

detract attention and time, and resources from other pressing duties and tasks such as providing sufficient load for curing the new generation capacity and improving the reliability and efficiency of the system. There are other simpler and more efficient cost saving measures such as eliminating unnecessary contract expenditures, reducing overtime, and foregoing certain contracts.

Finally, with respect to a minimum all-in True Interest Cost, the ALJ believes that a specific minimum must be set to provide an assurance that GPA will achieve the savings estimated by Barclays' analyses. In the past the PUC has ordered a minimum all-in TIC. The ALJ recommended that the Commission set a TIC of 4.22% as an outside limit for the TIC. The Orders prepared by the ALJ approved the long term debt and require that the refunding result in a net present value savings to GPA and its ratepayers of at least 2%. Within 60 days after the issuance of the refunding bonds, GPA is ordered to submit a petition indicating how much savings shall be allocated, and the purposes for which GPA intends to expend such savings from the bond issuance. The Order would also authorize the Chairman to approve changes with respect to the maximum principal amount of the refunding bonds or other matters not inconsistent with the Order. The Order would approve the Seventh Supplemental Indenture, and requires GPA to inform the PUC of any material modifications to the documents. The Order would require the annual gross savings for refundings previously stated and the TIC does not exceed 4.22%.

GPA Counsel Graham Botha wished to clarify that the gross annual savings should be an average over the term of the refunding, for in any particular year the savings could go under or over the average. Mr. Botha asked whether the minimum annual gross savings for a partial refunding could be reduced to \$275,000. The Chairman asked Mr. Botha if he was comfortable with the package requirements at \$150M of refunding. (i.e. the requirement of \$350,000 per year). Mr. Botha indicated that he was. For the partial refunding, he would be more comfortable with a limit of \$275,000. Lester Carlson, Director of BBMR, pointed out the incremental savings from doing a partial refunding at \$96M does not double for a refunding of all of the bonds. Mr. Carlson was agreeable to a TIC at 4.22%. However for a partial refunding, he felt that it should be more in line with \$225,000. The Chairman asked Mr. Carlson if setting the numbers at \$350,000 and \$300,000 for the annual savings on full and partial refunding, respectively, would be appropriate. Mr. Carlson felt that could be done. John Kim, Chief Financial Officer of GPA, pointed out that last week the interest rate had risen, but this week it was going down.

Commissioner Niven clarified that GPA's official proposal was \$200,000. Mr. Kim and Mr. Carlson wished to "under promise" at \$200,000. GPA Counsel Botha indicated the pricing would be in New York City on December 12.

Commissioner Montinola questioned where we would be with savings at only \$200,000. Counsel Botha felt that there was very little wiggle room between a minimum of \$300,000, particularly if the partial refunding savings were only \$301,000. In response to Commissioner Niven's question concerning how much "wiggle room" GPA needed, Mr. Botha indicated that Barclays believe that interest rates may stabilize, but they cannot say exactly what it will be.

Commissioner Montinola wondered whether the bond savings anticipated justified the costs that were spent on various matters, such as consultants, manpower, planning, trips, etc. If there were annual savings of \$300,000 minimum, it could be justified. For anything lower, however, perhaps we should be looking at finding savings within the process or the management. GPA CFO Kim indicated that the savings were after all expenses. On average the expenses are less than 2%. Commissioner Montinola asked Mr. Kim to shed some light on what the expenses were for bond refinancing. Mr. Kim stated that for GPA time it was not much. GPA had spent at most four weeks, maybe two weeks of his time traveling, and the last three days. Assistant GM Camacho indicated that the cost of issuance was included in the savings. The only cost that isn't included is GPA cost. GPA CFO Kim felt that his expenditure of time was cost effective in terms of the bond refunding savings.

GPA Counsel Botha indicated that \$200,000 savings is based upon what the Legislature has required and if the PUC is placed in past orders, the minimum. Commissioner Niven asked whether it would make sense to set a minimum of \$200,000 for the partial refunding and \$300,000 for the full refunding at the 2% of \$150M. Mr. Kim and Mr. Botha agreed that would be fine. Mr. Kim thought that the TIC should be raised to 4.5%. Mr. Carlson suggested 4.25% for the TIC, and \$275,000 for the minimum annual savings for a partial refunding. Commissioner Montinola asked whether the minimum on the partial refunding of \$275,000 was adequate. Commissioner Montinola suggested that a minimum savings of \$275,000 for the partial refunding and a TIC of 4.22% could be appropriate. Commissioner Niven indicated that he was looking for a rationale rather than "just plucking numbers out of the air." He asked if the 2% was sensible rationale. GPA Counsel Botha thought that it was. The Chairman indicated that he was not comfortable in going down to \$200,000. The Chairman suggested \$250,000 for the partial and \$300,000 for the full refunding; Commissioner Niven sought to add 10 basis points to the 4.22, making the TIC requirement at 4.32.

GPA Counsel Botha indicated that the ALJ had reviewed the Seventh Bond Indenture. The Chairman asked how long it took the Legislature to address this matter. Assistant GM Camacho indicated that it was one half a day. The law was signed today by the Governor.

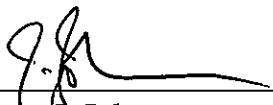
Commissioner Pangelinan indicated that the ALJ, from his report, indicates that he does not feel that this sort of minimal amount of savings justifies the amount of effort, the

focus and attention that is being thrown at this bond refunding, and if better savings could be achieved in other ways. Commissioner Pangelinan wondered whether GPA was focusing all of its attention on bond refinance, and that more savings could be achieved in other ways. Assistant GM Camacho indicated that there were many cost savings going on in GPA, such as reduction of overtime. Retirees in generation have not been replaced, because the Generation group will be reduced. There is reduction in staffing and overtime. GPA will experience an additional \$5M in savings per year due to the ending of the 20 year TEMES CT plant agreement. GPA employees are managing it as of today. The bonds are just another factor. GPA was not taking away from operations or other cost cutting measures. There are not excessive contracts out there. CFO Kim indicated that there will be savings from the new solar projects, where the per kilowatt charge will be three to four cents below LEAC. GPA has bought newer vehicles to reduce the maintenance cost. GPA has attempted to reduce streetlight costs by the use of LED lights.

Commissioner Pangelinan indicated that, from PUC perspective, GPA wants so desperately to get this bond refinancing done; it is at the Legislature all day long and at the PUC in the evening. It is not clear why GPA wants to do this so badly when there are relatively small savings. GPA Counsel Botha indicated that GPA has trimmed its outside consultant contracts. Almost everything is done in-house. Mr. Carlson indicated that with both the house and senate versions of the federal tax bill revisions, this type of bond refunding would be eliminated on January 1. But there are time constraints. Counsel Botha indicated that, since the bond refunding could not work after January 1, GPA had to come back to the PUC in an expeditious fashion.

Upon motion duly made, seconded, and unanimously carried, the Commissioners moved to approve GPA's petition to refund all or a portion of the 2010 Series A Bonds. The Long Term Debt Order and the Order, submitted herewith as *Attachment "B" and "C"*, were approved subject to three changes: the gross annual savings required for the full refunding was reduced from \$350,000 to \$300,000 and the amount required for partial refunding was reduced from \$300,000.00 to \$250,000; the TIC percentage was reduced from 4.22% to 4.32%. The savings provisions were changed to refer to a "average annual cash flow savings."

There being no further business, the meeting was adjourned.



Jeffrey O. Johnson
Chairman

**THE GUAM PUBLIC UTILITIES COMMISSION
NOTICE OF ADJOURNMENT AND CONTINUED PUBLIC MEETING**

NOTICE IS HEREBY GIVEN that the Guam Public Utilities Commission [PUC] adjourned its regular business meeting of November 30, 2017, to December 5, 2017. The PUC issued its Order of Adjournment of Meeting pursuant to 5 GCA §8109.

The adjourned meeting will continue on December 5, 2017, commencing at 6:30 p.m., at Suite 202 GCIC Building, 414 W. Soledad Ave., Hagatna.

The following business will be transacted:

Agenda

- 1. Guam Power Authority**
 - GPA Docket 17-20, Petition to Refund/Refinance GPA's outstanding 2010 Series A Revenue Bonds, ALJ Report, and Proposed Order**

Further information about the meeting may be obtained from the PUC's Administrator Lou Palomo at 472-1907. Those persons who require special accommodations, auxiliary aids, or services to attend the meeting should also contact Ms. Palomo.

This Notice is paid for by the Guam Public Utilities Commission

ATTACHMENT A

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

GPA Docket 17-20

The Application of the Guam Power
Authority to Approve A Bond Issuance to
Refinance the Outstanding 2010 A Series
Revenue Bonds.



ORDER APPROVING LONG-TERM DEBT

On September 28, 1992, this Commission adopted an Order approving certain aspects of the proposal of the Guam Power Authority ("GPA") to issue and sell long-term debt in the form of revenue bonds (the "Senior Bonds") pursuant to Chapter 8 of Title 12 of the Guam Code Annotated (Sections 8101 et seq.) (the "Act") for the purposes of financing certain additions and improvements to the electric power system of GPA and, as part of such financing program, refunding certain of GPA's then outstanding bonds and other indebtedness.

The proposed form of an indenture pursuant to which the Bonds in one or more series were proposed to be issued (the "Senior Indenture") was presented to the Commission at that time. In accordance with the Act, the covenants and agreements authorized by the Act and included in the Senior Indenture were approved by said Order for inclusion in substantially such form in the Senior Indenture executed by GPA; and certain modifications of such form were approved by Order of the Commission adopted on December 3, 1992.

GPA executed and delivered the Senior Indenture on January 5, 1993, and has previously issued seven series of Senior Bonds, having the terms and issued for the purposes authorized and approved by Orders of the Commission heretofore adopted.

GPA has now applied to the Commission for approval of one or more additional series of revenue bonds for the purpose of refunding and retiring all or a portion of the remaining outstanding Guam Power Authority Revenue Bonds, 2010 Series A (the "Prior Bonds"), for debt service savings, in accordance with the Act. Such additional series of Senior Bonds (the "Refunding Bonds") shall be in an aggregate principal amount sufficient to provide funds for the payment of the Prior Bonds and for the payment of all expenses incident to such issuance and refunding, as set forth in §8229 of the Act, to pay for credit enhancement, if any, and to fund a deposit to the debt service reserve fund if necessary in respect of such Senior Bonds.

The proposed form of the Seventh Supplemental Indenture (the "Seventh Supplemental Indenture") pursuant to which the Refunding Bonds are proposed to be

ATTACHMENT B

issued [(together with certain financial and other relevant information)] are attached hereto, together with the Senior Indenture, as Exhibit A.

The Commission, having duly considered the application of GPA and the information presented on GPA's behalf, and having determined that the issuance of the Revenue Refunding Bonds for such purposes are just and reasonable, **ORDERS** as follows:

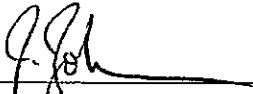
1. The covenants and agreements authorized by Section 8210 of the Act and included in Exhibit A are hereby approved for inclusion in substantially such form in the Senior Indenture as supplemented by the Seventh Supplemental Indenture executed by GPA; provided, however, that any material modification or amendment of the Seventh Supplemental Indenture shall be subject to the Commission's prior review and approval. GPA shall have the responsibility of bringing any such material modification or amendment to the Commission's attention. The Commission's legal counsel is hereby authorized to determine and confirm, by closing certificate or otherwise, that the form of the Seventh Supplemental Indenture executed and delivered by GPA does not contain any material modification or amendment from the proposed form of the Seventh Supplemental Indenture included in Exhibit A and hereby approved by the Commission.
2. The Refunding Bonds shall be issued in an aggregate principal amount determined to be sufficient in accordance with Section 8229 of Title 12 of the Guam Code Annotated, including all costs of issuance and of such refunding, plus any amount needed to provide for any reason a deposit to the debt service reserve in connection with the issuance of the Refunding Bonds, to provide for original issue discount (if any), a credit enhancement fee (if applicable), and underwriters' discount. Original issue discount and credit enhancement each shall not be used unless it results in a lower yield on such Refunding Bonds, as evidenced by a certificate of GPA. Other costs of issuance (including, but not limited to, fees and disbursements of bond counsel, printing fees, rating agency fees, initial trustee's fees, escrow agent fees, verification agent fees, and the fee of the Guam Economic Development Authority, but not including the cost of credit enhancement, if any) shall not exceed two percent (2%) of the original principal amount of such Refunding Bonds. The final maturity of

the Refunding Bonds shall not be later than the final maturity of the Prior Bonds. Guam Power Authority Revenue Bonds, 2010 Series A.

3. The principal amount of Revenue Refunding Bonds that may be issued may not exceed an aggregate principal amount sufficient to provide funds for the refunding or retirement of all or a portion of the Prior Bonds, plus costs of issuance and of retirement or refunding, and of a debt service reserve fund deposit. The present value of debt service on the Refunding Bonds shall be at least two percent (2%) less than the present value of debt service on the Prior Bonds being refinanced, using the yield on the refinancing bonds as the discount rate. All obligations of GPA to pay debt service on, and the redemption price of, the Prior Bonds shall be discharged concurrently with the issuance of the refinancing bonds; and thereafter, the Prior Bonds shall be payable solely from, and secured solely by, an escrow established for such purpose in accordance with the Indenture.
4. Any issuance of Revenue Refunding Bonds to refund all of the outstanding 2010 Series A Revenue Bonds shall yield an average annual cash flow savings of at least Three Hundred Thousand Dollars (\$300,000.00). Any issuance of Revenue Refunding Bonds to refund a portion of the outstanding 2010 Series A Revenue Bonds shall yield an average annual cash flow savings of at least Two Hundred Fifty Thousand Dollars (\$250,000.00).
5. The All-in True Interest Cost (TIC) of the Refunding Bonds hereunder, whether to refund all or a portion of the outstanding 2010 Series A Revenue Bonds, shall in no event exceed 4.32%.
6. Commission approval for the issuance of the Refunding Bonds hereunder is conditioned upon GPA compliance with the requirements of paragraphs 3, 4, and 5 above. Before GPA issues bonds for refunding or refinancing, it shall confirm in writing to the Chairman of the PUC that it meets the 2% PV requirement on debt service, and that the average annual cash flow savings and All-in True Interest (TIC) Cost from the proposed issuance meet the requirements of this Order.

Order Approving Long Term Debt
GPA Bond Issuance to
Refinance the Outstanding
2010 A Series Revenue Bonds
GPA Docket 17-20
December 5, 2017

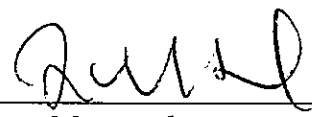
Dated this 5th day of December, 2017.



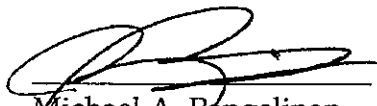
Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner


Rowena E. Perez
Commissioner



Peter Montinola
Commissioner



Michael A. Pangelinan
Commissioner



Andrew L. Niven
Commissioner

Filomena M. Cantoria
Commissioner

GUAM POWER AUTHORITY

and

BANK OF GUAM,

as Trustee and Depositary

and

U.S. BANK NATIONAL ASSOCIATION,

as Co-Trustee

SEVENTH SUPPLEMENTAL INDENTURE

Dated as of December 1, 2017

Relating to \$[2017A PAR] Principal Amount

of Guam Power Authority

Revenue Refunding Bonds, 2017 Series A

EXHIBIT A

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THIS SEVENTH SUPPLEMENTAL INDENTURE, made and entered into and dated as of the first day of December 2017, by and among GUAM POWER AUTHORITY, a public corporation of the Government of Guam duly organized and existing under and by virtue of the laws of Guam (the "Authority"), BANK OF GUAM, a banking corporation organized under the laws of Guam, authorized to do business within Guam, and being qualified to accept and administer the trusts hereby created, as trustee (the "Trustee" or the "Depositary"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, and being qualified to accept and administer the trusts hereby created, as successor co-trustee (the "Co-Trustee"),

W I T N E S S E T H

WHEREAS, pursuant to the Guam Power Authority Act of 1968, being Chapter 8, Title 12, Guam Code Annotated, as amended (the "Act"), the Board of Directors of the Authority (the "Board") is authorized to incur indebtedness by the issuance of revenue bonds, with the approval of the Governor, to raise funds for the purpose of establishing the electric power system of the Authority (the "System"), or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such bonds, or for any combination of such purposes;

WHEREAS, the Authority has determined to issue revenue bonds for such purposes and to that end has duly authorized the execution and delivery of that certain Indenture, dated as of December 1, 1992, as previously supplemented and amended, among the Authority, the Trustee and the Co-Trustee (the "Indenture"), to secure the payment of the principal thereof and the interest and premium, if any, thereon, and the observance of the covenants and conditions therein contained;

WHEREAS, no Event of Default has occurred and is now occurring;

WHEREAS, revenue bonds may be issued pursuant to the Indenture and one or more indentures supplemental thereto, from time to time, in an aggregate principal amount not limited except as therein provided, and said revenue bonds are to be designated as the "Guam Power Authority Revenue Bonds" (the "Bonds");

WHEREAS, pursuant to the Indenture, the Authority heretofore issued its Revenue Bonds, 1992 Series A (the "1992 Bonds") in the original aggregate principal amount of \$158,000,000 to refund certain indebtedness of the Authority and to pay for costs of improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority heretofore issued its Revenue Bonds, 1993 Series A (the "1993 Bonds") in the original aggregate principal amount of \$100,000,000 to pay for costs of improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority heretofore issued its Revenue Bonds, 1994 Series A (the "1994 Bonds") pursuant to the Indenture in the original aggregate principal amount of \$102,900,000 to pay for costs of certain improvements to the System;

WHEREAS, pursuant to the Indenture, the Authority heretofore issued its Revenue Bonds, 1999 Series A (the "1999 Bonds") in the original aggregate principal amount of \$349,178,601 to finance and refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, pursuant to the Indenture, the Authority heretofore issued its Revenue Bonds, 2010 Series A (the "2010 Bonds") in the original aggregate principal amount of \$150,440,000 to finance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, pursuant to the Indenture, the Authority heretofore issued its Revenue Bonds, 2012 Series A (the "2012 Bonds") in the original aggregate principal amount of \$340,620,000 to refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System through the redemption in full of the remaining outstanding aggregate principal amount of the Authority's 1993 Bonds and 1999 Bonds;

WHEREAS, pursuant to the Indenture, the Authority heretofore issued its Revenue Bonds, 2014 Series A (the "2014 Bonds") in the original aggregate principal amount of \$76,470,000 to finance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, the Authority has determined that it is necessary to refund certain outstanding Bonds of the Authority issued to undertake certain capital improvements to the System, and Section 8203(d) and Section 8228, Title 12, Guam Code Annotated, authorizes the issuance of revenue bonds of the Authority to refinance the costs of such capital improvements;

WHEREAS, it is now desirable and necessary and in the best interests of the Authority to authorize the issuance of \$[2017A PAR] aggregate principal amount of Bonds further designated as "2017 Series A" (the "2017 Series A Bonds") in order to provide money to be used to refinance certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System through the defeasance and redemption of [all or a portion of] the remaining outstanding aggregate principal amount of the Authority's 2010 Bonds;

WHEREAS, as required by Section 50103(k), Title 12, Guam Code Annotated, the Legislature of Guam has, by P.L. No. [34-___], approved the terms and conditions of the issuance of revenue bonds to be issued by the Authority for the purposes described therein;

WHEREAS, as provided by Section 50103(k), Title 12, Guam Code Annotated, the Guam Economic Development Authority has approved the issuance and sale of the 2017 Series A Bonds;

[WHEREAS, the Authority wishes to provide Bond Insurance for certain maturities of the 2017 Series A Bonds; and]

WHEREAS, all acts, conditions and things required by the laws of the United States of America and the Government of Guam to exist, to have happened and to have been performed precedent to and in connection with the issuance of the 2017 Series A Bonds exist, have happened, and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to issue said 2017 Series A Bonds for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2017 Series A Bonds by the owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, the Depositary and the Co-Trustee as follows:

ARTICLE XXXVII

DEFINITIONS

Section 37.01. Definitions. Unless the context otherwise requires, the terms defined in the Indenture shall, for all purposes of this Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings specified in the Indenture.

In addition, unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

“Bond Year” means, with respect to the 2017 Series A Bonds, the period of twelve consecutive months ending on September 30 of each year if 2017 Series A Bonds are or will be Outstanding in such twelve-month period, provided the first Bond Year shall commence on the date of delivery of the 2017 Series A Bonds and end on [September 30, 2018].

“Continuing Disclosure Agreement” means the Master Continuing Disclosure Agreement, dated as of May 1, 1999, among the Authority, the Trustee and the Co-Trustee, and all agreements supplemental thereto, including the Supplemental Continuing Disclosure Agreement, dated as of December 1, 2017, relating to the 2017 Series A Bonds.

“Current Interest Bonds” means the 2017 Series A Bonds the interest on which is payable on each interest payment date to the maturity or redemption date thereof as set forth in Section 38.02(A).

“DTC” means The Depository Trust Company, New York, New York, or any successor thereto.

“Escrow Agent” means, with respect to the 2017 Series A Bonds, the Co-Trustee in its capacity as Escrow Agent under the Escrow Agreement.

"Escrow Agreement" means, with respect to the 2017 Series A Bonds, that certain Escrow Agreement, dated as of December 1, 2017, by and between the Authority and the Co-Trustee, as escrow agent thereunder, relating to the refunding of the Prior Bonds.

"Principal Payment Period" means, with respect to the 2017 Series A Bonds, the period beginning on the date of issuance of such Bonds and ending October 1, 2018, and thereafter each period of twelve months ending on October 1.

"Prior Bonds" for purposes of this Seventh Supplemental Indenture, means the outstanding amount of the 2010 Bonds [Identify maturities being refunded].

"Term Bonds" means, with respect to the 2017 Series A Bonds, the 2017 Series A Bonds designated as such by Section 38.02, and which are payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

["2017 Insured Bonds" means the 2017 Series A Bonds maturing on October 1 in the years [identify years].]

"2017 Series A Bonds" means the Guam Power Authority Revenue Refunding Bonds, 2017 Series A, issued and Outstanding hereunder.

["2017 Series A Credit Facility" means the insurance policy issued by the 2017 Series A Credit Provider guaranteeing payment of the scheduled principal of and interest on the 2017 Insured Bonds when due.]

["2017 Series A Credit Provider" means [INSURER], a New York stock insurance company, or any successor thereto or assignee thereof.]

["2017 Series A Proceeds Account" means the Account by such name established by Section 39.03.

ARTICLE XXXVIII

AUTHORIZATION AND TERMS OF THE 2017 SERIES A BONDS

Section 38.01. Authorization of 2017 Series A Bonds. A Series of Bonds to be issued under the Indenture is hereby created for the purpose of providing moneys for deposit into the 2017 Series A Proceeds Account and withdrawal therefrom in accordance with law. The Bonds of such Series are designated as the "Guam Power Authority Revenue Refunding Bonds, 2017 Series A." The Authority intends that interest on the 2017 Series A Bonds be excluded from gross income for federal income tax purposes and that the 2017 Series A Bonds and the interest thereon be exempt from taxation by any state or political subdivision or the District of Columbia. The aggregate principal amount of 2017 Series A Bonds which may be issued and Outstanding under this Supplemental Indenture shall not exceed [Par Amount Spelled Out] Dollars (\$[2017A PAR]).

Section 38.02. Terms of 2017 Series A Bonds; Appointments.

The 2017 Series A Bonds shall be issued as fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. The 2017 Series A Bonds shall be dated as of their date of issuance, and interest thereon shall be calculated on the basis of a 360-day year of twelve 30-day months and shall be payable on April 1 and October 1 of each year, commencing [April 1, 2018] (each, an "Interest Payment Date" for the 2017 Series A Bonds). Each Current Interest Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day after a Record Date and on or before the related Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date for the first Interest Payment Date, in which event it shall bear interest from its date; provided, however, that if, at the time of authentication of any 2017 Series A Bond, interest is in default on Outstanding Bonds, such Bond shall bear interest from the date to which interest has previously been paid or made available for payment on the Outstanding 2017 Series A Bonds.

The Principal Payment Period for the 2017 Series A Bonds shall be the twelve calendar months next preceding each maturity date or Mandatory Sinking Account Payment date for such Bonds.

The Record Date for all scheduled payments of principal of and interest on the 2017 Series A Bonds shall be the 15th day of the calendar month next preceding the date each such payment is due, whether or not such 15th day is a Business Day.

The Co-Trustee is hereby appointed Paying Agent for the 2017 Series A Bonds. The Principal Office of the Paying Agent shall be in Los Angeles, California, except that for surrender and payment of 2017 Series A Bonds, the Principal Office of the Paying Agent shall be in St. Paul, Minnesota.

Payment of the interest on any 2017 Series A Bond shall be made to the person whose name appears on the bond registration books of the Co-Trustee as the registered owner thereof as of the close of business on the Record Date immediately preceding an Interest Payment Date, such interest to be paid by check mailed by first-class mail to such registered owner at such registered owner's address as it appears on such registration books. The principal, Accreted Value or Redemption Price of the 2017 Series A Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Paying Agent. Upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of 2017 Series A Bonds received prior to the applicable Record Date, payment of interest on and principal (including Redemption Price) of such Bonds shall be made by wire transfer from the Paying Agent to the registered owner of such Bonds to an account within the United States. Any such principal payment by wire transfer shall nevertheless be subject to prior surrender of the 2017 Series A Bonds with respect to which such payment is made. Each payment of interest or principal on 2017 Series A Bonds, whether by check or wire transfer, shall be accompanied by information specifying, for each maturity of such Bonds with respect to which such payment is being made, the amount and the CUSIP number (if available).

The following 2017 Series A Bonds are Current Interest Bonds and shall mature on the dates and in the amounts and shall bear interest at the rates per annum as set forth below:

<u>Maturity Date</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
	\$	%

[The 2017 Series A Bonds maturing on October 1, [20__] and October 1, [20__] are Term Bonds.]

The 2017 Series A Bonds shall be subject to redemption as provided in Section 38.03.

The 2017 Series A Bonds, the Co-Trustee's certificate of authentication and registration and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture. The 2017 Series A Bonds of each maturity shall be assigned the letters "RA" and shall be numbered in consecutive numerical order from 1 upwards.

Section 38.03. Redemption of the 2017 Series A Bonds.

(a) Optional Redemption. The 2017 Series A Bonds maturing on or before October 1, [20__] are not subject to optional redemption prior to their respective stated maturities. The 2017 Series A Bonds maturing after October 1, [20__] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, [20__], as a whole, or in part by such maturity or maturities as may be specified by Request of the Authority (and by lot within a maturity), at a Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.

The Authority shall notify the Trustee and the Co-Trustee in writing at least 60 days (or such lesser number of days acceptable to the Trustee and the Co-Trustee in the sole discretion of the Trustee and the Co-Trustee) prior to the date to be fixed for redemption of its intention to exercise its redemption option.

(b) Mandatory Sinking Account Redemption.

(i) The 2017 Series A Bonds maturing on October 1, [20__] are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments established for such maturity in this subsection (b)(i), upon payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium. Subject to the terms and conditions set forth in this Section and in the Indenture, such Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Bonds, in the amounts (after giving effect to the credits provided for in Section 5.03 of the Indenture) and on October 1 in the years hereinafter set forth:

Mandatory Sinking Account
Payments for Bonds Due October 1, 20[__]

Year

Amount

\$

*

* Maturity

(ii) The 2017 Series A Bonds maturing on October 1, [20__] are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments established for such maturity in this subsection (b)(ii), upon payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium. Subject to the terms and conditions set forth in this Section and in the Indenture, such Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Bonds, in the amounts (after giving effect to the credits provided for in Section 5.03 of the Indenture) and on October 1 in the years hereinafter set forth:

Mandatory Sinking Account
Payments for Bonds Due October 1, [20__]

<u>Year</u>	<u>Amount</u>
	\$

*

* Maturity

(iii) Upon the redemption of 2017 Series A Bonds pursuant to subsection (a) or other retirement of 2017 Series A Term Bonds in excess of any Mandatory Sinking Account Payments in any year, the principal amount of such Bonds shall be credited against such remaining Mandatory Sinking Account Payments as are designated by the Authority, in such manner as if such Mandatory Sinking Account Payments were maturities (i.e., to produce as nearly proportional reductions as practicable, provided that Mandatory Sinking Account Payments shall remain as integral multiples of the applicable minimum authorized Bond denomination).

(c) Extraordinary Optional Redemption. The 2017 Series A Bonds are subject to redemption at the option of the Authority on any date prior to their respective stated maturities, as a whole, or in part by lot within each maturity so that the reduction in Annual Debt Service for the 2017 Series A Bonds for each Bond Year after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or portions thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, under the circumstances and upon the conditions and terms set forth in Section 6.14, at the principal amount thereof plus interest accrued thereon, without premium.

(d) Conditional Notice of Redemption; Rescission. Any notice of optional redemption of the 2017 Series A Bonds delivered in accordance with Section 4.03 may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the Authority shall not be required to redeem the 2017 Series A Bonds thereby called for redemption, and the redemption shall be cancelled and the Co-Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such

condition or conditions were not met and that the redemption was cancelled. In addition, the Authority may, at its option, on or prior to the date fixed for optional redemption in any notice of redemption of the 2017 Series A Bonds, rescind and cancel such notice of redemption, and any optional redemption of 2017 Series A Bonds and notice thereof shall be rescinded and cancelled and the Co-Trustee shall give (in the same manner as notice of redemption was given) notice of such cancellation to the recipients of the notice of redemption being cancelled pursuant to the provisions of Section 4.03.

Section 38.04. Special Provisions as to Book-Entry Only System for 2017 Series A Bonds. (A) Notwithstanding any of the provisions of Sections 2.03 through 2.09 to the contrary, the 2017 Series A Bonds initially shall be issued in the form of a single, authenticated, fully registered bond for each stated maturity of such 2017 Series A Bonds, representing the aggregate principal amount of such maturity; and the 2017 Series A Bonds shall be governed by the provisions of this Section 38.04.

(B) All of the Outstanding 2017 Series A Bonds shall, except as provided in this paragraph (B) and in paragraph (D) of this Section 38.04, be registered in the registration books kept by the Co-Trustee in the name of Cede & Co., as nominee of DTC, and the Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depositary shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the 2017 Series A Bonds. Without limiting the immediately preceding sentence, the Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depositary shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the 2017 Series A Bonds, (ii) the delivery to any Participant or any other person, other than a Holder, as shown in the registration books kept by the Co-Trustee, of any notice with respect to the 2017 Series A Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a Holder, as shown in the registration books kept by the Co-Trustee, of any amount with respect to principal of or premium if any, or interest on the 2017 Series A Bonds or any consent given or action taken by DTC as registered owner of the 2017 Series A Bonds. The Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depositary may treat and consider the person in whose name each 2017 Series A Bond is registered in the registration books kept by the Co-Trustee as the holder and absolute owner of such 2017 Series A Bond for the purpose of payment of principal, premium and interest with respect to such 2017 Series A Bond, for the purpose of giving notices of redemption and other matters with respect to such 2017 Series A Bond, for the purpose of registering transfers with respect to such 2017 Series A Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the 2017 Series A Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Co-Trustee as provided in Section 2.06, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of and premium, if any, and interest on the 2017 Series A Bonds to the extent of the sum or sums so paid. No person other than a Holder, as shown in the registration books kept by the Co-Trustee, shall receive a definitive Series 2017 A Bond pursuant to the Indenture. Upon delivery by DTC to the Authority or the Co-Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject

to the provisions herein with respect to Record Dates, the words "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(C) The delivery by the Authority of the Representation Letter relating to the 2017 Series A Bonds shall not in any way limit the provisions of paragraph (B) of this Section or in any other way impose upon the Authority any obligation whatsoever with respect to persons having interests in the 2017 Series A Bonds other than the Holders, as shown on the registration books kept by the Co-Trustee. The Co-Trustee shall take all action necessary for all representations of the Co-Trustee in the Representation Letter with respect to the Co-Trustee to be complied with at all times.

(D) DTC may determine to discontinue providing its services with respect to the 2017 Series A Bonds at any time by giving reasonable written notice to the Authority and the Co-Trustee and discharging its responsibilities with respect thereto under applicable law. The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 2017 Series A Bonds. Upon the discontinuance or termination of the services of DTC with respect to the 2017 Series A Bonds, unless a substitute securities Depository is appointed to undertake the functions of DTC hereunder, the Authority is obligated to deliver 2017 Series A Bonds at the expense of the beneficial owners of the 2017 Series A Bonds, as described in the Indenture, and the 2017 Series A Bonds shall no longer be restricted to being registered in the registration books kept by the Co-Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Holders shall designate, in accordance with the provisions of the Indenture.

(E) Notwithstanding any other provision of the Indenture to the contrary, so long as any 2017 Series A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal or, premium, if any, and interest on such 2017 Series A Bond and all notices with respect thereto shall be made and given, respectively, in the manner provided in the Representation Letter. Holders shall have no lien or security interest in any rebate or refund paid by DTC to the Paying Agent which arises from the payment by the Paying Agent of principal or interest on the 2017 Series A Bonds in immediately available funds to DTC.

(F) The Co-Trustee is hereby authorized and requested to execute and deliver the Representation Letter relating to the 2017 Series A Bonds and, in connection with any successor nominee for DTC or any successor Depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Supplemental Indenture.

ARTICLE XXXIX

ISSUANCE OF 2017 SERIES A BONDS; APPLICATION OF PROCEEDS

Section 39.01. Issuance of 2017 Series A Bonds. At any time after the execution and delivery of this Supplemental Indenture, the Authority may sell and execute and the Co-Trustee shall authenticate and, upon the Order of the Authority, deliver the 2017 Series A Bonds in an aggregate principal amount not to exceed [Par Amount Spelled Out] Dollars (\$[2017A PAR]).

Section 39.02. Application of Proceeds of 2017 Series A Bonds. The proceeds in the amount of \$[] received by the Authority from the sale of the 2017 Series A Bonds [(which proceeds are net of the amount of \$[] transferred directly by the underwriters for the 2017 Series A Bonds to the 2017 Series A Credit Provider for its premium relating to the issuance of the 2017 Series A Credit Facility)] shall be deposited with the Co-Trustee, who shall forthwith apply such proceeds in the following manner, as directed by a Request of the Authority:

(A) The Co-Trustee shall deposit in the Bond Reserve Fund the amount of \$[], which amount is sufficient to increase the amount on deposit therein to at least \$[] (being the Bond Reserve Fund Requirement determined as of the closing date for the 2017 Series A Bonds, taking into account the refunding of the Prior Bonds).

(B) The Co-Trustee shall transfer to the Trustee, as Depositary for the 2017 Series A Proceeds Account, the amount of \$[] for deposit in the 2017 Series A Proceeds Account for payment of Costs of Issuance relating to the 2017 Series A Bonds.

(C) The Co-Trustee, as Escrow Agent, shall deposit \$[] of such proceeds in the Bond Escrow Fund established pursuant to the Escrow Agreement for purposes of refunding and redeeming the Prior Bonds as described in the Escrow Agreement.

(D) The proceeds remaining after such transfers, being \$[], shall be deposited by the Co-Trustee to the Bond Reserve Fund and, immediately following the closing of the 2017 Series A Bonds, the Co-Trustee shall apply such proceeds as shall be determined in accordance with Section 5.04 of the Indenture. For purposes of effecting the transfers required by such Section 5.04 and this subsection 39.02(D), the Co-Trustee is hereby authorized and directed to establish such temporary funds or accounts as shall be administratively necessary or convenient thereto, as determined in the sole discretion of the Co-Trustee.

The foregoing deposits shall be deemed to have been made to the Construction Fund for purposes of compliance with Section 8236 of the Act.

Section 39.03. Creation of 2017 Series A Proceeds Account: Application.

(a) The Trustee, as Depositary, shall create within the Construction Fund a separate account called the "2017 Series A Proceeds Account" (the "2017 Series A Proceeds Account"). Moneys in the 2017 Series A Proceeds Account shall be applied in accordance with Section 3.03 for the purpose of paying, or reimbursing the Authority for the payment of, Costs of Issuance with respect to the 2017 Series A Bonds. Any amounts remaining on deposit in the 2017 Series A Proceeds account on [specify date 180 days post closing] shall be transferred to the Revenue Fund, and thereafter the 2017 Series A Proceeds Account shall be closed.

ARTICLE XL

TAX COVENANTS

Section 40.01. 2017 Series A Rebate Account.

(A) The Trustee shall establish and maintain within the Rebate Fund a separate subaccount designated as the "2017 Series A Rebate Account." There shall be deposited in the 2017 Series A Rebate Account from amounts in the Revenue Fund or other lawfully available moneys such amounts as are required to be deposited therein pursuant to the Tax Certificate with respect to the 2017 Series A Bonds. All money at any time deposited in the 2017 Series A Rebate Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement for the 2017 Series A Bonds (as defined in the Tax Certificate with respect to the 2017 Series A Bonds), for payment to the United States of America, and the United States of America is hereby granted a first lien on such money until such payment. All amounts required to be deposited into or on deposit in the 2017 Series A Rebate Account shall be governed exclusively by this Section and by the Tax Certificate with respect to the 2017 Series A Bonds (which is incorporated herein by reference).

In the event that the amount in the 2017 Series A Rebate Account exceeds the Rebate Requirement for the 2017 Series A Bonds, upon the Request of the Authority, the Trustee shall transfer the excess from the 2017 Series A Rebate Account to the Revenue Fund.

(B) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on any Series of Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX of the Indenture, the covenants hereunder shall be deemed to be modified to that extent.

Section 40.02. Tax Covenants for 2017 Series A Bonds. (A) The Authority intends that interest on the 2017 Series A Bonds be excluded from gross income for federal income tax purposes and that the 2017 Series A Bonds and the interest thereon be exempt from taxation by any state or political subdivision or the District of Columbia.

(A) The Authority shall not use or permit the use of any proceeds of the 2017 Series A Bonds or any other funds of the Authority, directly or indirectly, to acquire

any securities or obligations, and shall not use or permit the use of any amounts received by the Authority in any manner, and shall not take or permit to be taken any other action or actions, which would cause any such Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(B) The Authority shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the 2017 Series A Bonds (or on any of them) shall be excluded from gross income for federal income tax purposes.

Section 40.03. Continuing Disclosure. The Authority hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Supplemental Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or of the Owners of at least 25% in aggregate principal amount of Outstanding 2017 Series A Bonds (but only to the extent funds in an amount satisfactory to the Trustee have been provided to it or it has been otherwise indemnified to its satisfaction for its payment or incurrence of any cost, liability, expense or additional charges and fees of the Trustee whatsoever, including, without limitation, reasonable fees and expenses of its attorneys), or any Owner or Beneficial Owner of any 2017 Series A Bond may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Trustee or the Co-Trustee, as the case may be, to comply with their respective obligations under this Section. For purposes of this Section, "Beneficial Owner" means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2017 Series A Bonds (including persons holding 2017 Series A Bonds through nominees, depositories or other intermediaries).

Section 40.04. Waiver of Brokerage Confirmations. The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Co-Trustee will furnish the Authority and the Trustee periodic cash transaction statements which shall include detail for all investment transactions made by the Co-Trustee.

ARTICLE XLI

[PROVISIONS RELATING TO THE 2017 SERIES A CREDIT PROVIDER]

[May be revised or deleted - Pending Determination of Bond Insurance]

Section 41.01. Payment Under the 2017 Series A Credit Facility.

Notwithstanding anything to the contrary contained in this Indenture, so long as the 2017 Insured Bonds are Outstanding, the following payment provisions shall apply to the 2017 Insured Bonds.

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date, principal payment date or Mandatory Sinking Account Payment date (each, a "Payment Date") there is not on deposit with the Co-Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the 2017 Insured Bonds due on such Payment Date, the Co-Trustee shall give notice to the 2017 Series A Credit Provider and to its designated agent, if any (the "Credit Provider's Fiscal Agent"), by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2017 Insured Bonds due on such Payment Date, the Co-Trustee shall make a claim under the 2017 Series A Credit Facility and give notice to the 2017 Series A Credit Provider and the Credit Provider's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the 2017 Insured Bonds and the amount required to pay principal of the 2017 Insured Bonds, confirmed in writing to the 2017 Series A Credit Provider and the Credit Provider's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2017 Series A Credit Facility.

(b) The Co-Trustee shall designate any portion of payment of principal on 2017 Insured Bonds paid by the 2017 Series A Credit Provider, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2017 Insured Bonds registered to the then current Holder of such 2017 Insured Bonds, whether DTC or its nominee or otherwise, and shall issue a replacement 2017 Insured Bond to the 2017 Series A Credit Provider, registered in the name of [INSURER], in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Co-Trustee's failure to so designate any payment or issue any replacement 2017 Insured Bonds shall have no effect on the amount of principal or interest payable by the Authority on any 2017 Insured Bond or the subrogation rights of the 2017 Series A Credit Provider.

(c) The 2017 Series A Credit Provider shall be entitled to pay principal or interest on the 2017 Insured Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the 2017 Series A Credit Facility) and any amounts due on the 2017 Insured Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the 2017 Series A Credit Provider has received a Notice of Nonpayment (as such term is defined in the 2017 Series A Credit Facility) or a claim upon the 2017 Series A Credit Facility.

(d) Upon payment of a claim under the 2017 Series A Credit Facility, the Co-Trustee shall establish a separate special purpose trust account for the benefit of the Holders of the 2017 Insured Bonds, referred to herein as the "Policy Payments Account" and over which the Co-Trustee shall have exclusive control and sole right of withdrawal. The Co-Trustee shall receive any amount paid under the 2017 Series A Credit Facility in trust on behalf of the Holders

of the 2017 Insured Bonds and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Co-Trustee to the Holders of the 2017 Insured Bonds in the same manner as principal and interest payments are to be made with respect to the 2017 Insured Bonds under the sections hereof regarding payment of 2017 Insured Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Authority agrees to pay to the 2017 Series A Credit Provider (i) a sum equal to the total of all amounts paid by the 2017 Series A Credit Provider under the 2017 Series A Credit Facility (the "Credit Provider Advances"); and (ii) interest on such Credit Provider Advances from the date paid by the 2017 Series A Credit Provider until payment thereof in full, payable to the 2017 Series A Credit Provider at the Late Payment Rate per annum (collectively the "Credit Provider Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2017 Insured Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority hereby covenants and agrees that the Credit Provider Reimbursement Amounts are secured by a lien on and pledge of the Revenues and payable from such Revenues on a parity with debt service due on the 2017 Insured Bonds.

(e) Funds held in the Policy Payments Account shall not be invested by the Co-Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Co-Trustee. Any funds remaining in the Policy Payments Account following a 2017 Insured Bond payment date shall promptly be remitted to the 2017 Series A Credit Provider.

(f) The Co-Trustee shall keep a complete and accurate record of all funds deposited by the 2017 Series A Credit Provider into the Policy Payments Account and the allocation of such funds to payment of interest on and principal of any 2017 Insured Bond. The 2017 Series A Credit Provider shall have the right to inspect such records at reasonable times upon reasonable notice to the Co-Trustee.

Section 41.02. Other 2017 Series A Credit Provider Provisions. The following provisions of this Section 41.02 shall be deemed to be accepted by the Holders of the 2017 Insured Bonds pursuant to Section 9.04 of the Indenture:

(a) So long as the 2017 Series A Credit Facility with respect to the 2017 Insured Bonds remains in effect and the 2017 Series A Credit Provider is not in default with respect thereto, the provisions under this heading shall apply notwithstanding any conflicts with this Indenture.

(b) Any amendment, supplement, modification to, or waiver of, the Indenture that requires the consent of the Holders of the 2017 Insured Bonds or materially adversely affects

the rights and interests of the 2017 Series A Credit Provider shall be subject to the prior written consent of the 2017 Series A Credit Provider.

(c) The prior written consent of the 2017 Series A Credit Provider shall be a condition precedent to the deposit of any Credit Facility provided in lieu of a cash deposit into the Bond Reserve Fund.

(d) To the extent that the Indenture confers upon or gives or grants to the 2017 Series A Credit Provider any right, remedy or claim under or by reason of the Indenture, the 2017 Series A Credit Provider is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

(e) The 2017 Series A Credit Provider shall be deemed to be the sole holder of the 2017 Insured Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the 2017 Insured Bonds are entitled to take pursuant to the provisions of the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Fiduciaries.

(f) The rights granted to the 2017 Series A Credit Provider under the Indenture to request, consent to or direct any action are rights granted to the 2017 Series A Credit Provider in consideration of its issuance of the 2017 Series A Credit Facility. Any exercise by the 2017 Series A Credit Provider of such rights is merely an exercise of the 2017 Series A Credit Provider's contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Holders of the 2017 Insured Bonds, and such action does not evidence any position of the 2017 Series A Credit Provider, affirmative or negative, as to whether the consent of such Holders or any other person is required in addition to the consent of the 2017 Series A Credit Provider.

(g) Anything in the Indenture to the contrary notwithstanding, the maturity of 2017 Insured Bonds shall not be accelerated without the consent of the 2017 Series A Credit Provider, and, in the event the maturity of the 2017 Insured Bonds is accelerated, the 2017 Series A Credit Provider may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the Authority), and the Co-Trustee shall be required to accept such amounts. Upon such payment of such accelerated principal and interest accrued to the acceleration date, the 2017 Series A Credit Provider's obligations under the 2017 Series A Credit Facility with respect to such 2017 Insured Bonds shall be fully discharged.

(h) Notwithstanding any other provision of the Indenture, in determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the 2017 Insured Bonds or the rights of the Holders of the 2017 Insured Bonds, the Trustee or the Co-Trustee, as applicable, shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no 2017 Series A Credit Facility with respect to such Bonds.

(i) Notwithstanding anything in the Indenture to the contrary, amounts paid by the 2017 Series A Credit Provider under the 2017 Series A Credit Facility shall not be deemed paid for purposes of the Indenture, and the 2017 Insured Bonds relating to such payments shall remain Outstanding and continue to be due and owing until all Credit Provider Advances have been paid by the Authority in full in accordance with the Indenture. The 2017 Series A Credit Provider shall, to the extent it makes any payment of principal of or interest on the 2017 Insured Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2017 Series A Credit Facility. The Indenture shall not be discharged unless all amounts due or to become due to the 2017 Series A Credit Provider have been paid in full or duly provided for.

(j) The Authority shall pay or reimburse the 2017 Series A Credit Provider any and all charges, fees, costs and expenses that the 2017 Series A Credit Provider may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture; (ii) the pursuit of any remedies under the Indenture or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture, whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or the transactions contemplated thereby, other than costs resulting from the failure of the 2017 Series A Credit Provider to honor its obligations under the 2017 Series A Credit Facility. The 2017 Series A Credit Provider reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture. Any such payment or reimbursement shall be made from amounts available to be released to the Authority from the Surplus Fund.

(k) Notwithstanding anything in the Indenture to the contrary, only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the 2017 Series A Credit Provider, pre-refunded municipal obligations rated "AAA" and "Aaa" S&P Global, Moody's Investors Service, respectively, or (5) subject to the prior written consent of the 2017 Series A Credit Provider, securities eligible for "AAA" defeasance under then existing criteria of S&P Global, or any combination thereof, shall be used to effect defeasance of the 2017 Insured Bonds unless the 2017 Series A Credit Provider otherwise approves.

(l) The notice address of the 2017 Series A Credit Provider is: [To Come]. In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "Urgent Material Enclosed."

(m) The 2017 Series A Credit Provider shall be provided with the following information by the Authority, Trustee or Co-Trustee, as the case may be:

(i) Annual audited financial statements within 240 days of the end of the Authority's Fiscal Year (together with a certification of the Authority that it is not aware of any

default or Event of Default under the Indenture), and the Authority's annual budget within 60 days after the approval thereof together with such other information, data or reports as the 2017 Series A Credit Provider shall reasonably request from time to time;

(ii) Notice of any draw upon the Bond Reserve Fund within two Business Days after knowledge thereof other than (i) withdrawal of amounts in excess of the Bond Reserve Fund Requirement and (ii) withdrawals in connection with a refunding of 2017 Insured Bonds;

(iii) Notice of any Event of Default known to the Trustee, Co-Trustee or Authority within five Business Days after knowledge thereof;

(iv) Prior notice of the advance refunding or redemption of any of the 2017 Insured Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) Notice of the resignation or removal of the Trustee or Co-Trustee and the appointment of and acceptance of duties by any successor thereto;

(vi) Notice of the commencement of any proceeding by or against the Authority commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding");

(vii) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2017 Insured Bonds;

(viii) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to this Indenture; and

(ix) All reports, notices and correspondence to be delivered to 2017 Insured Bond Holders under the terms of this Indenture.

(n) The 2017 Series A Credit Provider shall have the right to receive such additional information as it may reasonably request in writing of the Authority, the Trustee or the Co-Trustee.

(o) The Trustee and the Co-Trustee shall notify the 2017 Series A Credit Provider of any failure of the Authority to provide notices, certificates and other information required to be provided to the Trustee or the Co-Trustee hereunder.

(p) Except as otherwise expressly permitted under the Indenture or the Subordinate Indenture, no contract shall be entered into or any action taken by which the rights of the 2017 Series A Credit Provider or the security for or sources of payment of the 2017 Insured Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the 2017 Series A Credit Provider.

(q) Any interest rate exchange agreement relating to the 2017 Insured Bonds ("Swap Agreement") entered into by the Authority shall meet the following conditions: (i) the

Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (c) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by the 2017 Series A Credit Provider, any uninsured net settlement, breakage or other termination amount then in effect shall be subordinate to debt service on the 2017 Insured Bonds and on any debt on parity with the 2017 Insured Bonds. The Authority shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of the 2017 Series A Credit Provider prior to the payment of any such termination amount that such payment will not cause the Authority to be in default under the Related Documents (as defined in the Swap Agreement), including but not limited to any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by S&P Global and Moody's Investors Service. If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P Global or Moody's Investors Service, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to the 2017 Series A Credit Provider. If the counterparty's or the guarantor's long term unsecured rating falls below "Baa1" or "BBB+" by either Moody's Investors Service or S&P Global, a replacement counterparty or guarantor, acceptable to the 2017 Series A Credit Provider shall be required, unless otherwise consented to in writing by the 2017 Series A Credit Provider.

(r) To accomplish defeasance of the 2017 Insured Bonds, the Authority shall cause to be delivered (i) a report of an Independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the 2017 Series A Credit Provider ("Accountant") verifying the sufficiency of the escrow established to pay the 2017 Insured Bonds in full on the maturity or redemption date (the "Verification"), (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the 2017 Series A Credit Provider), (iii) an opinion of Bond Counsel to the effect that the 2017 Insured Bonds are no longer "Outstanding" under the Indenture and (iv) a certificate of discharge of the Trustee or Co-Trustee with respect to the 2017 Insured Bonds; each Verification and defeasance opinion shall be acceptable in form and substance to the 2017 Series A Credit Provider and shall be addressed to the Authority, the Trustee or Co-Trustee, as appropriate, and the 2017 Series A Credit Provider. The 2017 Insured Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

IN WITNESS WHEREOF and in acceptance of the duties herein, the GUAM POWER AUTHORITY has caused this Supplemental Indenture to be signed in its name by its duly authorized officers, under its seal; BANK OF GUAM, as Trustee and as a Depositary, has caused this Supplemental Indenture to be signed in its corporate name by one of its authorized officers and its corporate seal to be hereunto affixed; and U.S. BANK NATIONAL ASSOCIATION, as Co-Trustee and as Paying Agent, has caused this Supplemental Indenture to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

GUAM POWER AUTHORITY

By _____
Chairperson

[SEAL]

By _____
Secretary

BANK OF GUAM, as Trustee and
Depositary

By _____
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION, as Co-
Trustee and Paying Agent

By _____
Authorized Officer

[Signature page – Seventh Supplemental Indenture]

The foregoing Supplemental Indenture of Guam Power Authority providing for the issuance of revenue bonds for the purposes authorized by Sections 8203(d), Title 12, Guam Code Annotated, is hereby approved this first day of December 2017.

Governor of Guam

Approved as to form:

By _____
Attorney General

The foregoing Supplemental Indenture of Guam Power Authority, and the appointment of the Trustee, the Co-Trustee, the Paying Agent and the Depositary and the exercise of their respective powers and functions as set forth in such Supplemental Indenture, is hereby approved this first day of December 2017.

Director of Administration
Department of Administration
Government of Guam

[Signature page – Seventh Supplemental Indenture]

EXHIBIT A-1
[FORM OF SERIES 2017 A BOND]

No. RA - _____

\$

GUAM POWER AUTHORITY
REVENUE REFUNDING BOND, 2017 SERIES A
(Current Interest Bond)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED</u>	<u>CUSIP</u>
	October 1, _____	[Closing Date]	

Registered Holder:

Principal Sum:

Dollars

GUAM POWER AUTHORITY, a public corporation of the Government of Guam duly organized and existing under and by virtue of the laws of Guam (herein called the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the registered holder identified above or its registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned), the principal sum specified above in lawful money of the United States of America; and to pay interest thereon, in like lawful money and solely from said Revenues and assets, from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of a day during the period from the sixteenth day of the month next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before _____, 2017, in which event it shall bear interest from its date) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the interest rate specified above per annum, payable on April 1 and October 1 in each year, commencing [April 1, 2018]. The principal (or redemption price) hereof is payable upon surrender hereof at the corporate trust office of U.S. Bank National Association (herein called the "Co-Trustee" or the "Paying Agent"), in St. Paul, Minnesota, or other office specified by the Paying Agent, and the interest hereon is payable by check mailed by first class mail to the person in whose name this Bond is registered at the close of business on the fifteenth day of the month immediately preceding an interest payment date, at such person's address as it appears on the Bond registration books of the Co-Trustee. Upon the written request of any registered owner of \$1,000,000 or more in aggregate principal amount of 2017 Series A Bonds (hereinafter mentioned), payment of the principal or redemption price of and interest on such Bonds will be made by wire transfer as provided in the Indenture; provided that any such principal or

redemption payment shall nevertheless be subject to the prior surrender of the 2017 Series A Bonds with respect to which such payment is made.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Guam Power Authority Revenue Refunding Bonds" (herein called the "Bonds"), unlimited in aggregate principal amount, except as otherwise provided in the laws of the United States of America and the Government of Guam and in the Indenture, which issue of Bonds consists or may consist of one or more series of varying dates, maturities, interest rates and redemption and other provisions, all issued or to be issued pursuant to Chapter 8, Title 12, Guam Code Annotated, as amended, and pursuant to that certain Indenture, dated as of December 1, 1992, as previously supplemented and as supplemented by a Seventh Supplemental Indenture, dated as of December 1, 2017 (herein collectively called the "Indenture"), each by and among the Authority, the Co-Trustee and Bank of Guam, as Trustee and Depositary (herein called the "Trustee" or the "Depositary"). This Bond is also one of a duly authorized series of Bonds additionally designated "2017 Series A" (herein called the "2017 Series A Bonds"), in the aggregate principal amount of [Par Amount Spelled Out] Dollars (\$[2017A PAR]) all issued under the provisions of the Indenture. The Bonds are issued for the purpose of providing money for the refinancing of certain costs of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the Authority's electric power system through the defeasance and redemption of [all or a portion of] the remaining outstanding aggregate principal amount of the Authority's 2010 Bonds (the "Prior Bonds").

Reference is hereby made to the Indenture (a copy of which is on file at said office of the Co-Trustee in Los Angeles, California and at the office of the Trustee in Guam) and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security and provisions for payment of the Bonds, of the rights, duties and immunities of the Trustee, the Co-Trustee and the Depositary and of the rights and obligations of the Authority thereunder, to all the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds and the interest thereon (to the extent set forth in the Indenture) are payable from Revenues (as that term is defined in the Indenture) and other assets pledged as provided in the Indenture, and are secured by a pledge of said Revenues and assets (except to the extent of the Rebate Requirement referred to in the Indenture), subject only to provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are limited obligations of the Authority and are not a lien or charge upon the funds or property of the Authority, except to the extent of the pledge and assignment hereinafter described. Neither the payment of the principal of this Bond nor any part thereof, nor of any interest thereon, is a debt, liability or obligation of the Government of Guam.

The 2017 Series A Bonds maturing after October 1, [20__] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after October 1, [20__], as a whole, or in part by such maturity or maturities as may be specified by the Authority (and by lot within a maturity), at a

Redemption Price equal to 100% of the aggregate principal amount thereof, plus interest accrued thereon to the date fixed for redemption.

[The 2017 Series A Bonds maturing on October 1, [20__] are also subject to redemption prior to their respective stated maturities, in part in lots of \$5,000 principal, from Mandatory Sinking Account Payments established for such maturity as provided in the Indenture, on October 1, [20__], and on each October 1 thereafter to and including October 1, [20__] at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.]

[The 2017 Series A Bonds maturing on October 1, [20__] are also subject to redemption prior to their respective stated maturities, in part in lots of \$5,000 principal, from Mandatory Sinking Account Payments established for such maturity as provided in the Indenture, on October 1, [20__], and on each October 1 thereafter to and including October 1, [20__] at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.]

The 2017 Series A Bonds are subject to redemption at the option of the Authority on any date prior to their respective state maturities, as a whole, or in part by lot within each maturity so that the reduction in Annual Debt Service (as that term is defined in the Indenture) for the 2017 Series A Bonds for each Bond Year (as that term is defined in the Indenture) after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or portions thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, under the circumstances and upon the conditions and terms set forth in the Indenture, at the principal amount thereof plus interest accrued thereon, without premium.

Notice of any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by the Co-Trustee not less than 20 nor more than 60 days before the date fixed for redemption by first-class mail to each of the registered owners of Bonds designated for redemption at their addresses appearing on the Bond registration books of the Co-Trustee on the date the Bonds to be redeemed are selected. Receipt of such notice by such registered owners shall not be a condition precedent to such redemption.

Any notice of optional redemption of the 2017 Series A Bonds may be conditional, and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice shall be of no force and effect and the Authority shall not be required to redeem the 2017 Series A Bonds thereby called for redemption, and the redemption shall be cancelled, and the Trustee shall within a reasonable time thereafter give notice, to the persons and in the manner in which the notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled. In addition, the Authority may, at its option, on or prior to the date fixed for optional redemption in any notice of redemption of the 2017 Series A Bonds, rescind and cancel such notice of redemption, and any optional redemption of 2017 Series A Bonds and notice thereof shall be rescinded and cancelled, and the Trustee shall give (in the manner in which notice of redemption was given) notice of such cancellation to the recipients of the notice of redemption being cancelled.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Bonds (and the interest accrued thereon) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such a declaration and its consequences may be rescinded by the registered owners of not less than a majority in Accreted Value of the Bonds then outstanding.

The 2017 Series A Bonds are issuable only in fully registered form in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, this Bond may be exchanged, at said office of the Co-Trustee, for a new fully registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the aggregate principal amount of this Bond then remaining outstanding.

This Bond is transferable by the registered owner hereof, in person or by its attorney duly authorized in writing, at said office of the Co-Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the same aggregate principal amount of this Bond then remaining outstanding will be issued to the transferee in exchange therefor. The Co-Trustee shall not be required to register the transfer of this Bond during the five days next preceding any date established by the Co-Trustee for the selection of Bonds for redemption or at any time after selection of this Bond for redemption.

The Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depositary may treat the registered owner hereof as the absolute owner hereof for all purposes, and none of the Authority, the Trustee, the Co-Trustee and the Depositary shall be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority, the registered owners of the Bonds, the Trustee, the Co-Trustee and the Depositary may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, provided that no such modification or amendment shall (i) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in the Indenture for the payment of this Bond, or extend the time of payment of any interest on this Bond or reduce the rate of interest hereon, without the consent of the registered owner hereof, or (ii) reduce the percentage of the principal amount of Bonds the consent of the registered owners of which is required to effect any such modification or amendment, permit the creation of any lien on the Revenues and other assets pledged as security for the Bonds (including additional Bonds hereafter issued) prior to or on a parity with the lien created by the Indenture or deprive the registered owners of the Bonds of the lien of the Indenture (except as expressly provided in the Indenture), without the consent of the registered owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and manually signed by the Co-Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the laws of the United States of America and the Government of Guam, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by such laws, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, GUAM POWER AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Chairman of the Board of Directors and the Secretary of the Board of Directors of the Authority and its seal to be reproduced hereon by facsimile, all as of the _____ day of _____ 2017.

GUAM POWER AUTHORITY

By _____
Chairman of the Board of
Directors of the Guam Power
Authority

(SEAL)

Countersigned:

By _____
Secretary of the Board of
Directors of the Guam Power
Authority

CERTIFICATE OF AUTHENTICATION

This is one the Bonds described in the within-mentioned Indenture which has been authenticated on _____.

U.S. BANK NATIONAL ASSOCIATION, as Co-Trustee

By _____
Authorized Officer

[Insurance Rider – To Come if Needed]

[FORM OF]
ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within Bond and in the assignment below, shall be construed as though they were set out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with
right of survivorship and
not as tenants in common

UNIF GIFT MIN ACT - ___ Custodian ___
(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be
used though not in the above list.

For value received the undersigned do(es) hereby sell, assign and transfer unto
_____ the within-mentioned registered Bond and hereby
irrevocably constitute(s) and appoint(s) _____ attorney, to
register the transfer the same on the books of the Co-Trustee with full power of substitution in the
premises.

Dated: _____

NOTICE:

The signature on this Assignment must correspond with the
name as it appears on the face of the within Bond in every
particular, without alteration or enlargement or any change
whatsoever.

Signature Guaranteed:

Social Security Number, Taxpayer Identification Number or
other Identifying Number of Assignee:

Notice: Signature must be
guaranteed by an eligible guarantor
institution.

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 17-20
)
The Application of the Guam Power)
Authority to Approve A Bond Issuance to) ORDER
Refinance the Outstanding 2010 Series A)
Revenue Bonds.)

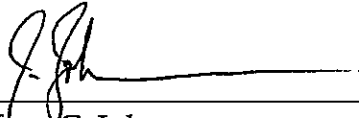
On December 1, 2017, the Guam Power Authority ("GPA") petitioned the Guam Public Utilities Commission ("Commission") for authority to issue additional senior revenue bonds for the purpose of refunding and retiring all or a portion of GPA's outstanding 2010 Series A Revenue Bonds (the "Prior Bonds"), in accordance with Chapter 8, Title 12, Guam Code Annotated (§8101 et seq.), as amended from time to time (the "Act").

The Commission has examined the Petition and the findings and recommendations of its regulatory consultant and Administrative Law Judge (the "ALJ"). After discussion at a duly convened Commission meeting on December 5, 2017, and upon the specific findings that the GPA Petition is in the best interests of GPA's ratepayers, on motion duly seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** that:

1. The Order Approving Long Term Debt, in the form attached ("Debt Order"), shall be and is hereby adopted by the Commission.
2. A portion of the bond proceeds authorized by the Debt Order will be used to refund the 2010 Series A Bonds (as defined in the Debt Order) provided that the refunding results in a net present value savings to GPA and its ratepayers of at least two percent (2%). Any issuance of Revenue Bonds hereunder shall comply with all requirements of the Order approving long term debt.
3. In sixty (60) days after such bonds have been issued, GPA shall submit a petition to the Commission indicating the manner in which actual savings shall be allocated, and the purposes for which GPA intends to expend the savings from this bond issuance.
4. The Commission authorizes its Chairman to approve changes with respect to the maximum principal amount of the refunding bonds, or other matters not inconsistent with the terms of this Order.

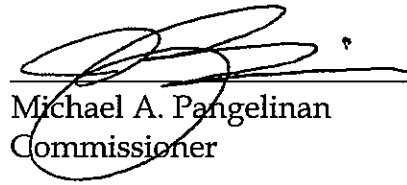
Order
To approve a Bond Issuance to
Refinance Outstanding
2010 Series A Revenue Bonds
GPA Docket 17-20
December 5, 2017

Dated this 5th day of December, 2017.



Jeffrey C. Johnson
Chairman

Rowena E. Perez
Commissioner



Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner

Filomena M. Cantoria
Commissioner



Andrew L. Niven
Commissioner